

## INFORMATION REPORT INFORMATION REPORT

## CENTRAL INTELLIGENCE AGENCY

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COUNTRY	Hungary	REPORT		25 <b>X</b> 1	
SUBJECT	Heavy Industry Production and Material Shortages	DATE DISTR.	26 August 1955	5	
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- 2. Since the end of April 1955, there has been no increase in production of war materiel. The Györ Railroad Car Works has no orders for war materiel. On the other hand, queries have been received from Moscow, asking what is the maximum possible production in machine tools, taking into account the greatest possible reduction in all other forms of production.
- 3. Failure in deliveries of raw material and shortages in material are seriously affecting industry. For example:
  - a. The USSR undertook to supply tubular steel to Hungary for manufacturing tubes for locomotive boilers, but so far have delivered none. Locomotive boilers are therefore being equipped with repaired tubes at the moment.
  - b. Some expected iron-ore deliveries from the USSR have also not arrived. To offset this, negotiations are in progress for Yugoslav ore to be supplied in exchange for rolled material manufactured out of a portion of this ore; also for Rumanian ore to be supplied against profile material on the same basis.
  - c. There is a particularly acute shortage of logs and planks, which is seriously delaying the repair of 7,000-8,000 railroad cars.
  - a. Diósgyör has been suffering from coke shortages since the beginning of May 1955. Some supplies have been coming from Czechoslovakia, but only very irregularly.
- 4. Further industrial difficulties have been created by the failure of two turbogenerators recently, namely:
  - a. A 15 mW turbo-generator on 20 May 1955 at the Budapest-Kelenföld Power Station. Repairs were expected to take five or six months.

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